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Message Text

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AMEMBASSY JIDDA
AMEMBASSY JAKARTA
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AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
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S E C R E T BAGHDAD 1891

EXDIS

E.O. 11652: GDS
TAGS: ENRG OPEC IZ
SUBJECT: OPEC PRICE DECISION

REF: DOHA 1397

1. GOI REACTED TO OPEC MINISTERIAL CONFERENCE WITH PRE-
DICTABLY SHARP CRITICISM OF SAUDI ARABIA. MINISTER OF OIL
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TAYEH ABDUL KARIM IN HIS ARRIVAL STATEMENT UPON HIS RETURN
FROM DOHA MADE PARTICULARLY STRONG ATTACK ON SHEIKH YAMANI,
WHO HE SAID, WAS "BENT ON TAMING THE ORGANIZATION
AND USING IT AS AN INSTRUMENT FOR SERVING THE SETTLEMENT
SCHEMES IN THE ARAB REGION THROUGH FREEZING OIL PRICES
AS A GESTURE FOR THE SUCCESS OF THESE SCHEMES." HE

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ADDED THAT YAMANI WAS ALSO "SEEKING TO IMPOSE SAUDI CUSTODIANSHIP ON THE OPEC MEMBER STATES AT THE EXPENSE OF THE INTERESTS OF THEIR PEOPLES AND THOSE OF THE THIRD-WORLD COUNTRIES IN THEIR STRUGGLE FOR REBUILDING INTERNATIONAL ECONOMIC RELATIONS AND CREATING A NEW INTERNATIONAL ECONOMIC ORDER ON THE BASIS OF EQUALITY AND JUSTICE AMONG THE MEMBERS OF THE WORLD COMMUNITY."

2. KARIM ALSO SAID THAT "RIGHT FROM THE START, THE CONFERENCE FOUND ITSELF FACE TO FACE WITH A SAUDI SCHEME AIMING AT SURRENDERING TO THE PRESSURES GENERATED BY THE OIL MONOPOLIES AND THE IMPERIALISTIC FORCES THROUGH EXTENDING THE PRICE FREEZE." HE WENT ON TO SAY THAT "THE IRAQI DELEGATION, WHICH HAD FULLY ANTICIPATED THE SAUDI ATTITUDE, TOOK ENERGETIC STEPS TO LAY BARE THE SAUDI OBJECTIVE IN FRONT OF THE CONFERENCE AND THUS CONTRIBUTED TO SWAYING MEMBERS OVER TO THE MAJORITY OPINION."

3. ALTHOUGH OBVIOUSLY UNHAPPY WITH SAUDI AND UAE POSITIONS AT CONFERENCE, GOI IS TAKING A CERTAIN SATISFACTION FROM FACT THAT IRAQ FINALLY FOUND ITSELF VOTING WITH A MAJORITY. FOR THAT REASON, KARIM CHARACTERIZED THE CONFERENCE'S FINAL DECISION AS A "GREAT SUCCESS, BEARING IN MIND THE PRESSURES FROM WITHOUT AND THE MANEUVERS FROM WITHIN."

4. COMMENT: I HAVE IMPRESSION THAT IRAQI LEADERSHIP IS NOT ONLY PEDALING THE SUCCESS LINE FOR PROPAGANDA PURPOSES, BUT HONESTLY BELIEVES THAT OUTCOME OF

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CONFERENCE WAS FAVORABLE TO IRAQ'S POSITION. THEY SEEM TO BE UNDER IMPRESSION THAT THE ELEVEN TO TWO MAJORITY IS MORE IMPORTANT THAN THE ECONOMIC POWER COMMANDED BY SAUDI ARABIA AND THE UAE. THIS BELIEF APPARENTLY STEMS FROM A CERTAIN DEGREE OF ECONOMIC NAIVETY, COMBINED WITH A TENDENCY TO BELIEVE THEIR OWN PROPAGANDA ON THE INVINCIBILITY OF THE ARAB WORLD ONCE IT ACHIEVES ITS LONG-SOUGHT AFTER UNITY. THEY BELIEVE THAT THE SAUDI AND UAE POSITIONS ARE TEMPORARY ABERRATIONS THAT WILL BE OVERCOME BY THE HISTORICALLY INEVITABLE PROCESS OF ARAB UNIFICATION.

5. UNFORTUNATELY, LIKE ALL GOOD MARXISTS, THE IRAQI LEADERS NO DOUBT BELIEVE THEY HAVE AN OBLIGATION TO HELP ALONG THE HISTORICALLY INEVITABLE PROCESSES OF HISTORY. THE OUTLOOK IS FOR INCREASED TENSION BETWEEN IRAQ AND SAUDI ARABIA, ADDING TO THE ALREADY RATHER FORMIDABLE LIST OF IDEOLOGICAL AND POLITICAL DIFFERENCES

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BETWEEN THE TWO REGIMES.

6. AT THIS TIME I WOULD AGREE WITH EMBASSY DOHA (REFTEL) THAT U.S. OFFICIALS WILL BE DOING OUR FRIENDS IN SAUDI ARABIA AND THE UAE A DISSERVICE IF THEY MAKE PUBLIC STATEMENTS ON THE IMMINENT DEMISE OF OPEC. GOI WILL NO DOUBT MAKE USE OF ANY PROPAGANDA AMMUNITION WE GIVE THEM TO ATTACK THE TWO REGIMES.

7. IT ALSO SEEMS POSSIBLE THAT IRAQ WILL NOW INCLUDE THE SAUDI REGIME, ALONG WITH THE SYRIAN AND POSSIBLY THE JORDANIAN REGIMES, IN ITS LIST OF TARGETS FOR COVERT OPERATIONS. SHEIKH YAMANI, IN PARTICULAR, WOULD BE WELL ADVISED TO REVIEW HIS SECURITY ARRANGEMENTS.
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